



HEALTH QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2002
OF THE CONDITION AND AFFAIRS OF THE

Cape Health Plan, Inc.

NAIC Group Code 0000 0000 NAIC Company Code 95759 Employer's ID Number 38-2455176
(Current Period) (Prior Period)

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Licensed as business type: Life, Accident & Health [] Property/Casualty [] Dental Service Corporation []
Vision Service Corporation [] Other [] Health Maintenance Organization [X]
Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]

Incorporated 04/29/1982 Commenced Business 04/29/1982

Statutory Home Office 26711 Northwestern Highway, Suite 300, Southfield, MI 48034
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 26711 Northwestern Highway, Suite 300
(Street and Number)
Southfield, MI 48034 248-386-3000
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 26711 Northwestern Highway, Suite 300, Southfield, MI 48034
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 26711 Northwestern Highway, Suite 300
(Street and Number)
Southfield, MI 48034 248-386-3003
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.capehealth.com

Statement Contact THOMAS ASHFORD MURAR MR. 248-386-3003
(Name) (Area Code) (Telephone Number) (Extension)
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(E-mail Address) (FAX Number)

Policyowner Relations Contact 26711 Northwestern Highway, Suite 300
(Street and Number)
Southfield
Southfield, MI 48034 248-386-3003
(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)

OFFICERS

President Nancy Wanchik Secretary William Brodhead
Treasurer Ralph Woronoff

VICE PRESIDENTS

Michele Lundberg Tom Murar Steve Stein MD
Rodger Prong

DIRECTORS OR TRUSTEES

<u>Nancy Wanchik</u>	<u>Ralph Woronoff</u>	<u>Surjit Bhasin MD</u>
<u>Lynette Burns</u>	<u>Etrue Bryant</u>	<u>Shirley Lightsey</u>
<u>Thomas Murar</u>	<u>Sue Sarin</u>	<u>Gladys Taylor</u>
<u>Myra French</u>	<u>William Brodhead</u>	<u>Janis Coleman</u>

State ofMichigan.....

County ofMacomb.....

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

President & Chief Operating Officer
Nancy Wanchik

Chief Financial Officer
Thomas Murar

Chief Executive Officer
Susan Sarin

Subscribed and sworn to before me this

12

day of

November, 2002

Linda Rusie

Notary Public

March 26, 2003

ASSETS

	Current Period			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds	1,004,000		1,004,000	1,189,000
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			(a)	
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$22,052,084) and short-term investments (\$)	22,052,084		22,052,084	19,540,349
6. Other long-term invested assets				
7. Receivable for securities				
8. Aggregate write-ins for invested assets	3,125		3,125	3,125
9. Subtotals, cash and invested assets (Lines 1 to 8)	23,059,209		23,059,209	20,732,474
10. Accident and health premiums due and unpaid				
11. Health care receivables	721,136		721,136	1,403,159
12. Amounts recoverable from reinsurers				
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued				
15. Amounts due from parent, subsidiaries and affiliates				
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment	264,963		264,963	300,192
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$ net deferred tax asset)				
20. Electronic data processing equipment and software.....	448,440	35,842	412,598	303,984
21. Other nonadmitted assets	366,228	366,228	0	
22. Aggregate write-ins for other than invested assets	90,691		90,691	653,413
23. Total assets (Lines 9 plus 10 through 22)	24,950,667	402,070	24,548,597	23,393,222
DETAILS OF WRITE-INS				
0801. Security Deposit.....	3,125		3,125	3,125
0802. Statutory Deposit.....			0	0
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above)	3,125		3,125	3,125
2201. Employee Loan.....	288		288	296
2202. Federal Income Tax.....			0	404,091
2203. SBT.....	26,025		26,025	175,000
2298. Summary of remaining write-ins for Line 22 from overflow page	64,378		64,378	74,026
2299. Totals (Lines 2201 thru 2203 plus 2298) (Line 22 above)	90,691		90,691	653,413

(a) \$ health care delivery assets included in Line 4.1, Column 3

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	11,723,619		11,723,619	12,080,208
2. Accrued medical incentive pool and bonus payments	532,253		532,253	496,369
3. Unpaid claims adjustment expenses				
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance				
7. General expenses due or accrued	4,073,069		4,073,069	2,199,537
8. Federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses) (including \$ net deferred tax liability)				
9. Amounts withheld or retained for the account of others				
10. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)				
11. Amounts due to parent, subsidiaries and affiliates				
12. Payable for securities				
13. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)				
14. Reinsurance in unauthorized companies				
15. Net adjustments in assets and liabilities due to foreign exchange rates				
16. Liability for amounts held under uninsured accident and health plans				
17. Aggregate write-ins for other liabilities (including \$ current)	420,129		420,129	557,409
18 Total liabilities (Lines 1 to 17).....	16,749,070		16,749,070	15,333,523
19. Common capital stock	XXX	XXX	1,000	1,000
20 Preferred capital stock	XXX	XXX		
21. Gross paid in and contributed surplus	XXX	XXX		
22. Surplus notes	XXX	XXX		
23. Aggregate write-ins for other than special surplus funds	XXX	XXX		
24. Unassigned funds (surplus)	XXX	XXX	7,798,527	8,058,699
25. Less treasury stock, at cost:				
25.1shares common (value included in Line 19) \$)	XXX	XXX		
25.2shares preferred (value included in Line 20) \$)	XXX	XXX		
26. Total capital and surplus (Lines 19 to 25)	XXX	XXX	7,799,527	8,059,699
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	24,548,597	23,393,222
DETAILS OF WRITE-INS				
1701. Accrued Expenses.....	145,342		145,342	158,081
1702. Accrued PTO.....	111,811		111,811	111,530
1703. Deferred Income Tax.....	27,976		27,976	27,976
1798. Summary of remaining write-ins for Line 17 from overflow page	135,000		135,000	259,822
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	420,129		420,129	557,409
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX		
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year to Date		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	xxx	423,671	481,875
2. Net premium income	xxx	73,728,424	88,118,476
3. Change in unearned premium reserves and reserve for rate credits	xxx		
4. Fee-for-service (net of \$ medical expenses)	xxx		
5. Risk revenue	xxx		
6. Aggregate write-ins for other health care related revenues	xxx		
7. Total revenues (Lines 2 to 6)	xxx	73,728,424	88,118,476
Medical and Hospital:			
8. Hospital/medical benefits		39,415,168	48,277,959
9. Other professional services		10,831,070	12,380,811
10. Outside referrals			
11. Emergency room and out-of-area		4,533,375	4,200,999
12. Prescription drugs		7,822,276	7,556,624
13. Aggregate write-ins for other medical and hospital		1,364,929	1,136,483
14. Incentive pool and withhold adjustments		450,000	480,000
15. Subtotal (Lines 8 to 14)		64,416,818	74,032,876
Less:			
16. Net reinsurance recoveries			
17. Total medical and hospital (Lines 15 minus 16)		64,416,818	74,032,876
18. Claims adjustment expenses		(33,139)	
19. General administrative expenses.....		8,284,069	11,108,761
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)		72,667,748	85,141,637
22. Net underwriting gain or (loss) (Lines 7 minus 21)	xxx	1,060,676	2,976,839
23. Net investment income earned		272,517	888,375
24. Net realized capital gains or (losses)			
25. Net investment gains or (losses) (Lines 23 plus 24)		272,517	888,375
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
27. Aggregate write-ins for other income or expenses			(423,561)
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		1,333,193	3,441,653
29. Federal and foreign income taxes incurred	xxx	453,285	1,198,885
30. Net income (loss) (Lines 28 minus 29)	xxx	879,908	2,242,768
DETAILS OF WRITE-INS			
0601.	xxx		
0602.	xxx		
0603.	xxx		
0698. Summary of remaining write-ins for Line 6 from overflow page	xxx		
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	xxx		
1301. Patient Transportation.....		1,364,929	1,136,483
1302.			
1303.			
1398. Summary of remaining write-ins for Line 13 from overflow page			
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)		1,364,929	1,136,483
2701. Disposition of Fixed Assets.....			(423,561)
2702.			
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)			(423,561)

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year to Date	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
31. Capital and surplus prior reporting period	8,059,699	9,672,729
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
32. Net income or (loss) from Line 30	879,908	2,242,768
33. Change in valuation basis of aggregate policy and claim reserves		
34. Net unrealized capital gains and losses		
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		
37. Change in nonadmitted assets	109,920	144,202
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		
41. Cumulative effect of changes in accounting principles		
42. Capital Changes:		
42.1 Paid in		
42.2 Transferred from surplus (Stock Dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in		
43.2 Transferred to capital (Stock Dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders	(1,250,000)	(4,000,000)
45. Aggregate write-ins for gains or (losses) in surplus		
46. Net change in capital & surplus (Lines 32 to 45)	(260,172)	(1,613,030)
47. Capital and surplus end of reporting period (Line 31 plus 46)	7,799,527	8,059,699
DETAILS OF WRITE-INS		
4501.		
4502.		
4503.		
4598. Summary of remaining write-ins for Line 45 from overflow page		
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)		

CASH FLOW

	1 Current Year to Date	2 Prior Year
Cash from Operations		
1. Premiums and revenues collected net of reinsurance	73,728,424	88,118,476
2. Claims and claims adjustment expenses	64,737,523	75,205,985
3. General administrative expenses paid	8,284,069	11,108,761
4. Other underwriting income (expenses)		
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	706,832	1,803,730
6. Net investment income	272,517	888,375
7. Other income (expenses)	33,139	(5,390)
8. Federal and foreign income taxes (paid) recovered	(453,285)	(1,198,885)
9. Net cash from operations (Lines 5 to 8)	559,203	1,487,830
Cash from Investments		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds	295,000	300,533
10.2 Stocks		
10.3 Mortgage loans		
10.4 Real estate		
10.5 Other invested assets		
10.6 Net gains or (losses) on cash and short-term investments		
10.7 Miscellaneous proceeds		
10.8 Total investment proceeds (Lines 10.1 to 10.7)	295,000	300,533
11. Cost of investments acquired (long-term only):		
11.1 Bonds	110,000	789,000
11.2 Stocks		
11.3 Mortgage loans		
11.4 Real estate		
11.5 Other invested assets		
11.6 Miscellaneous applications		
11.7 Total investments acquired (Lines 11.1 to 11.6)	110,000	789,000
12. Net Cash from investments (Line 10.8 minus Line 11.7)	185,000	(488,467)
Cash from Financing and Miscellaneous Sources		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in		
13.2 Net transfers from affiliates		
13.3 Borrowed funds received		
13.4 Other cash provided	3,263,426	337,764
13.5 Total (Lines 13.1 to 13.4)	3,263,426	337,764
14. Cash applied:		
14.1 Dividends to stockholders paid	1,250,000	4,000,000
14.2 Net transfers to affiliates		
14.3 Borrowed funds repaid		
14.4 Other applications	245,894	1,295,621
14.5 Total (Lines 14.1 to 14.4)	1,495,894	5,295,621
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	1,767,532	(4,957,857)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	2,511,735	(3,958,494)
17. Cash and short-term investments:		
17.1 Beginning of period	19,540,349	23,498,843
17.2 End of period (Line 16 plus Line 17.1)	22,052,084	19,540,349

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE CAPE HEALTH PLAN, INC.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	43,768								43,768	
2 First Quarter	45,039								45,039	
3 Second Quarter	46,488								46,488	
4. Third Quarter	52,591								52,591	
5. Current Year										
6 Current Year Member Months	426,711								423,671	
Total Member Ambulatory Encounters for Period:										
7. Physician	32,438								23,438	
8. Non-Physician	3,079								13,079	
9. Total	36,517								36,517	
10. Hospital Patient Days Incurred	5,551								15,551	
11. Number of Inpatient Admissions	3,574								3,574	
12. Premiums Collected	73,728,424								73,728,424	
13. Premiums Earned	73,728,424								73,728,424	
14. Amount Paid for Provision of Health Care Services	51,212,488								51,212,488	
15. Amount Incurred for Provision of Health Care Services	11,723,619								11,723,619	

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (Hospital & Medical)						
2. Medicare Supplement						
3. Dental Only.....						
4. Vision Only.....						
5. Federal Employees Health Benefits Plan Premiums						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid.....	3,565,472	51,212,488	0	11,723,619	3,565,472	12,080,208
8. Other						
9. Subtotal	3,565,472	51,212,488		11,723,619	3,565,472	12,080,208
10. Medical incentive pools, accruals and disbursements	414,116		82,253	450,000	496,369	496,369
11. Totals	3,979,588	51,212,488	82,253	12,173,619	14,061,841	12,576,577

NOTES TO FINANCIAL STATEMENTS

These statements have not been completed in accordance with the NAIC Accounting Practices and Procedures Manual. The Commissioner of the State of Michigan Office of Financial and Insurance Services issued the following notification regarding reporting:

"By Order 00-086-M dated November 15, 2000, the Commissioner adopted the NAIC Accounting Practices and Procedures Manual effective January 1, 2001, including appendices A - F and excluding Actuarial Guideline XXXV in Appendix C. This order applies to fire and casualty insurers, life, accident, and health insurers, non-U.S. insurers, title insurers and fraternal benefit societies. For health maintenance organizations and alternative financing and delivery systems and dental service corporations, the Commissioner has delayed adoption of the NAIC Accounting Practices and Procedures Manual with an effective date of January 1, 2002. These entities will continue to follow previous statutory accounting practices and procedures until the Commissioner officially adopts the new manual for these entities."

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? Yes [] No [X]

1.2 If yes, explain:
.....

2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

2.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

3.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

4. Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]
If yes, attach an organizational chart.

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [X] NA []
If yes, attach an explanation.

7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/1999

7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/1999

7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/31/1999

7.4 By what department or departments?
OFFICE OF FINANCIAL AND INSURANCE SERVICES, STATE OF MICHIGAN.....

8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) Yes [] No [X]

8.2 If yes, give full information:
.....

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

INVESTMENT

9.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]

9.2 If yes, explain:
.....

10.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

10.2 If yes, give full and complete information relating thereto:
.....

11. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$

12. Amount of real estate and mortgages held in short-term investments:\$

13.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No [X]

13.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
13.21 Bonds	\$	\$
13.22 Preferred Stock	\$	\$
13.23 Common Stock	\$	\$
13.24 Short-term Investments	\$	\$
13.25 Mortgages, Loans or Real Estate	\$	\$
13.26 All Other	\$	\$
13.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 13.21 to 13.26).....	\$	\$
13.28 Total Investment in Parent included in Lines 13.21 to 13.26 above	\$	\$
13.29 Receivable from Parent not included in Lines 13.21 to 13.26 above	\$	\$

14.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

14.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [X]

If no, attach a description with this statement.

15. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [] No [X]

15.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address

15.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Merrill Lynch.....	West Bloomfield, Michigan.....	STOCK.....

15.3 Have there been any changes, including name changes in the custodian(s) identified in 15.1 during the current year? Yes [] No [X]

15.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

15.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

SCHEDULE A - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period				
2. Increase (decrease) by adjustment				
3. Cost of acquired				
4. Cost of additions to and permanent improvements				
5. Total profit (loss) on sales				
6. Increase (decrease) by foreign exchange adjustment				
7. Amount received on sales				
8. Book/adjusted carrying value at end of current period				
9. Total valuation allowance				
10. Subtotal (Lines 8 plus 9)				
11. Total nonadmitted amounts				
12. Statement value, current period (Page 2, real estate lines, current period)				

SCHEDULE B - VERIFICATION

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/recorded investment excluding accrued interest on mortgages owned, beginning of period				
2. Amount loaned during period:				
2.1. Actual cost at time of acquisitions				
2.2. Additional investment made after acquisitions				
3. Accrual of discount and mortgage interest points and committment fees.....				
4. Increase (decrease) by adjustment				
5. Total profit (loss) on sale				
6. Amounts paid on account or in full during the period				
7. Amortization of premium				
8. Increase (decrease) by foreign exchange adjustment.....				
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period				
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)				
12. Total nonadmitted amounts				
13. Statement value of mortgages owned at end of current period				

SCHEDULE BA - VERIFICATION

Other Invested Assets Included in Schedule BA

	1 First Quarter Current Year	2 Second Quarter Current Year	3 Third Quarter Current Year	4 Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, beginning of period				
2. Cost of acquisitions during period:				
2.1. Actual cost at time of acquisitions				
2.2. Additional investment made after acquisitions				
3. Accrual of discount				
4. Increase (decrease) by adjustment				
5. Total profit (loss) on sale				
6. Amounts paid on account or in full during the period				
7. Amortization of premium				
8. Increase (decrease) by foreign exchange adjustment.....				
9. Book/adjusted carrying value of long-term invested assets at end of current period				
10. Total valuation allowance				
11. Subtotal (Lines 9 plus 10)				
12. Total nonadmitted amounts				
13. Statement value of long-term invested assets at end of current period				

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE CAPE HEALTH PLAN, INC.

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Statement Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Statement Value End of First Quarter	6 Statement Value End of Second Quarter	7 Statement Value End of Third Quarter	8 Statement Value December 31 Prior Year
BONDS								
1. Class 1	1,004,000				1,004,000	1,004,000	1,004,000	1,189,000
2. Class 2								
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	1,004,000				1,004,000	1,004,000	1,004,000	1,189,000
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds and Preferred Stock	1,004,000				1,004,000	1,004,000	1,004,000	1,189,000

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Amount of Interest Received Current Quarter	Paid for Accrued Interest
8099999 Totals		XXX			

SCHEDULE DA - PART 2- Verification

Short-Term Investments Owned				
	1	2	3	4
	First Quarter Current Year	Second Quarter Current Year	Third Quarter Current Year	Prior Year Ended December 31
1. Book/adjusted carrying value, beginning of period				
2. Cost of short-term investments acquired				
3. Increase (decrease) by adjustment				
4. Increase (decrease) by foreign exchange adjustment				
5. Total profit (loss) on disposal of short-term investments				
6. Consideration received on disposal of short-term investments				
7. Book/adjusted carrying value, current period				
8. Total valuation allowance				
9. Subtotal (Lines 7 plus 8)				
10. Total nonadmitted amounts				
11. Statement value (Lines 9 minus 10)				
12. Income collected during period				
13. Income earned during period				

SCHEDULE DB - PART F- SECTION 1

[illegible]

SCHEDULE DB - PART F - SECTION 2

	Reconciliation of Replicated (Synthetic) Assets Open									
	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-to-Date	
	1	2	3	4	5	6	7	8	9	10
	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value
1. Beginning Inventory										
2. Add: Opened or Acquired Transactions										
3. Add: Increases in Replicated Asset Statement Value	XXX		XXX		XXX		XXX		XXX	
4. Less: Closed or Disposed of Transactions										
5. Less: Positions Disposed of for Failing Effectiveness Criteria										
6. Less: Decreases in Replicated (Synthetic) Asset Statement Value	XXX		XXX		XXX		XXX		XXX	
7. Ending Inventory										

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE CAPE HEALTH PLAN, INC.

SCHEDULE S—CEDED REINSURANCE

Showing all new reinsurers - Current Year to Date

[illegible]

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only Year-to-Date			
		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	3	4	5	6
	States, Etc.			Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premium
1.	Alabama	AL	No				
2.	Alaska	AK	No				
3.	Arizona	AZ	No				
4.	Arkansas	AR	No				
5.	California	CA	No				
6.	Colorado	CO	No				
7.	Connecticut	CT	No				
8.	Delaware	DE	No				
9.	District of Columbia	DC	No				
10.	Florida	FL	No				
11.	Georgia	GA	No				
12.	Hawaii	HI	No				
13.	Idaho	ID	No				
14.	Illinois	IL	No				
15.	Indiana	IN	No				
16.	Iowa	IA	No				
17.	Kansas	KS	No				
18.	Kentucky	KY	No				
19.	Louisiana	LA	No				
20.	Maine	ME	No				
21.	Maryland	MD	No				
22.	Massachusetts	MA	No				
23.	Michigan	MI	No			73,728,424	
24.	Minnesota	MN	No				
25.	Mississippi	MS	No				
26.	Missouri	MO	No				
27.	Montana	MT	No				
28.	Nebraska	NE	No				
29.	Nevada	NV	No				
30.	New Hampshire	NH	No				
31.	New Jersey	NJ	No				
32.	New Mexico	NM	No				
33.	New York	NY	No				
34.	North Carolina	NC	No				
35.	North Dakota	ND	No				
36.	Ohio	OH	No				
37.	Oklahoma	OK	No				
38.	Oregon	OR	No				
39.	Pennsylvania	PA	No				
40.	Rhode Island	RI	No				
41.	South Carolina	SC	No				
42.	South Dakota	SD	No				
43.	Tennessee	TN	No				
44.	Texas	TX	No				
45.	Utah	UT	No				
46.	Vermont	VT	No				
47.	Virginia	VA	No				
48.	Washington	WA	No				
49.	West Virginia	WV	No				
50.	Wisconsin	WI	No				
51.	Wyoming	WY	No				
52.	American Samoa	AS	No				
53.	Guam	GU	No				
54.	Puerto Rico	PR	No				
55.	U.S. Virgin Islands	VI	No				
56.	Canada	CN	No				
57.	Aggregate Other Alien	OT	XXX				
58.	Total (Direct Business)	XXX	(a) 1			73,728,424	
DETAILS OF WRITE-INS							
5701.							
5702.							
5703.							
5798.	Summary of remaining write-ins for Line 57 from overflow page						
5799.	Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)						

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

HCLB, Inc.
Holding Company
Tax ID: 38-3535959

Subsidiaries:

CAPE health Plan, Inc.
Licensed HMO - State of Michigan
Tac Id - 38-2455176

Springwater Management, Inc.
Tax ID: 38-3300867

Cape Management, Inc.
Tax ID: 38-3511552

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory question.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

.....Yes.....

Explanation:

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

MQ002 Additional Aggregate Lines for Page 02 Line 22.
*ASSETS

2204. Leasehold Improvement.....	64,378		64,378	74,026
2297. Summary of remaining write-ins for Line 21 from Page 02	64,378		64,378	74,026

MQ003 Additional Aggregate Lines for Page 03 Line 17.
*LIAB

1704. Accrued Profit Sharing.....	135,000		135,000	166,263
1705.			0	2,559
1706.			0	91,000
1797. Summary of remaining write-ins for Line 17 from Page 03	135,000		135,000	259,822

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE CAPE HEALTH PLAN, INC.

SCHEDULE A - PART 2

Showing all Real Estate ACQUIRED During the Current Quarter

[illegible]

SCHEDULE A - PART 3

Showing all Real Estate SOLD during the Current Quarter, including Payments during the Final Year on “Sales under Contract”

[illegible]

EO2

EO2

EO2

[illegible]

E03

E03

E03

E03

E03

E03

E03

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE CAPE HEALTH PLAN, INC.

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

[illegible]

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues

E04

E05

E05

E05

E05

E05

E06

E06

E06

E06

E06

E06

E06

E07

Showing all Collar, Swap and Forwards Open at Current Statement Date

[illegible]

STATEMENT AS OF SEPTEMBER 30, 2002 OF THE CAPE HEALTH PLAN, INC.

SCHEDULE E - PART 1 - CASH

[illegible]